

Minneapolis Community Development Agency

Request for City Council Action

Date: November 14, 2002

To: Council Member Lisa Goodman, Community Development Committee
Council Member Barbara Johnson, Ways and Means/Budget Committee

Prepared by Dollie Crowther, Senior Project Coordinator, Phone 612-673-5263

Approved by Chuck Lutz, MCDA Interim Executive Director _____

Subject: Approval to Carry Year 2002 bonding authority forward into 2003 for multifamily purposes

Previous Directives: There has been no previous directive concerning this carryforward.

Ward: Not applicable.

Neighborhood Group Notification: Not applicable.

Consistency with *Building a City That Works*: This action will permit us to carry bonding authority into next year, which will allow us to support remaining projects that require a 2003 closing.

Comprehensive Plan Compliance: Not applicable.

Zoning Code Compliance: Not applicable.

Impact on MCDA Budget: (Check those that apply)

- ☒ No financial impact
- ☐ Action requires an appropriation increase to the MCDA Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):

Living Wage / Business Subsidy: Not applicable.

Job Linkage: Not applicable.

Affirmative Action Compliance: Not applicable.

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RECOMMENDATION:

The Interim Executive Director recommends approval of the attached Resolution authorizing the carry forward of the City's housing revenue bonding authority for up to \$14,257,000 for multifamily housing projects.

Background/Supporting Information

Each year, the City of Minneapolis receives authority to issue housing revenue bonds in support of its various single-family and multifamily housing initiatives. The total amount of tax-exempt bonding authority for 2002 is \$33,547,000. During 2002 on behalf of the City, the MCDA closed on a total of \$19,590,000 of bonding authority which included a remaining 2001 carry forward of \$300,000. The projects that closed in 2002 include Many Rivers Project, (\$4,150,000) Bottineau Lofts (\$3,640,000) Stone Arch Apartments (\$3,600,000), and West River Commons (\$8,200,000).

The remaining \$14,257,000 worth of bonding authority was intended for use with other proposed multifamily projects in 2002, however, not all of the projects have come together in time to meet the necessary deadlines. The staff would like to carry forward \$14,257,000 for multifamily projects which will close in 2003. There will be no 2002 entitlement that remains unused.

To accomplish this carry forward action, the City must approve the attached Resolution, which declares the intended use of the funds for multi-family housing purposes. The MCDA staff is recommending that the unused portion of the 2002 tax-exempt bonding allocation be carried forward into the year 2003 and that it be designated for uses in connection with multifamily purposes as outlined above. Attached is a Resolution for City Council approval that authorizes and directs the MCDA staff to take the steps necessary to assure that the bonding authority is carried forward into the year 2003.

AUTHORIZING CARRYFORWARD OF
UNUSED PRIVATE ACTIVITY BOND VOLUME CAP

WHEREAS, the City of Minneapolis, Minnesota (the "City") is an "entitlement issuer" within the meaning of Minnesota Statutes, Section 474A.02, subd. 7; and

WHEREAS, the City's entitlement allocation for 2002 under Minnesota Statutes, Chapter 474A.03, subd. 2a is \$33,547,000; and

WHEREAS, the City has issued bonds attributable to such allocation in the amount of \$19,290,000; and

WHEREAS, the City may, under § 146(f) of the Internal Revenue Code of 1986, as amended, and under Minnesota Statutes, Chapter 474A, "carryforward" all or a portion of the City's unused entitlement allocation for the year 2002; and

WHEREAS, it is in the best interest of the public health, safety and welfare that the City "carryforward" for qualified carryforward purposes any part of its entitlement allocation which remains unused at the end of 2002;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Minneapolis, Minnesota, as follows:

1. The City hereby elects to carryforward all of the City's remaining 2002 entitlement allocation for the purpose of qualified residential rental bonds.

2. The Executive Director of the Minneapolis Community Development Agency is hereby authorized and directed to execute and cause to be filed with the Internal Revenue Service a Form 8328 specifying the amount of entitlement allocation to be carried forward as described above. The Form 8328 shall be filed with the Internal Revenue Service on or before February 15, 2003. The Executive Director is further authorized to notify the Minnesota Department of Finance of such carryforward at such time and as required by Minnesota Statutes, Chapter 474A.